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C O N F I D E N T I A L SECTION 01 OF 04 CARACAS 003671

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SUBJECT: THE DO-NOTHING NATIONAL ASSEMBLY OF 2006 POISED TO
DEEPEN THE "REVOLUTION" IN 2007

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Classified By: POLITICAL COUNSELOR ROBERT DOWNES,
REASONS 1.4 (B) AND (D)

11. (C) Summary. The National Assembly, although composed entirely of pro-Chavez party members after the opposition boycotted the December 2005 parliamentary election, passed little important legislation in 2006. Among the more memorable National Assembly "Bolivarian accomplishments" of 2006 are adding a star to the national flag, stacking the National Electoral Council 4 to 1 in the government's favor, conducting a "witch hunt" investigation of the prominent electoral NGO Sumate, and passing a resolution that urges the U.S. Congress to investigate the "self-inflicted" attacks of September 11, 2001. Before ending its 2006 session, the National Assembly also passed a vague but potentially wide-ranging, intrusive measure that, once promulgated, will require Venezuelans to perform five hours of obligatory community service monthly or face fines.

12. (C) The National Assembly considered, but did not pass, a series of bills that would consolidate the government's control over NGOs, private enterprise, and local police forces as well as squeeze private education, the Catholic Church, and other religious denominations. The National Assembly slow-down on these bills coincided with President Chavez' successful bid for re-election on December 3. Bolstered by a new popular mandate and consistent with his promise to "deepen" his "Bolivarian revolution, President Chavez is likely to instruct the inefficient, but supine, National Assembly to enact many of the aforementioned measures in 2007. End Summary.

100 Percent Majority Achieves Little

13. (C) President Chavez enjoys the support of all 167 members of the National Assembly (NA) since the opposition boycotted the December 2005 parliamentary elections. Moreover, Chavez' Fifth Republic Movement (MVR) party controls over two-thirds of the seats, enough to pass legislation and constitutional amendments. When the National Assembly started its 2006 session on January 5, then NA President (now Foreign Minister) Nicolas Maduro set a goal of passing 71 new laws. However, when the National Assembly concluded its 2006 session December 14 current NA President Cilia Flores announced that the legislature had passed only 46 new laws, about half of which were technical reforms of existing laws or symbolic awards.

14. (C) In her session-ending address, Flores urged the media and members to focus on the "quality" of the National Assembly's work, not the "quantity," though the NA came up short in both categories. Some of the more attention-grabbing measures include adding a star to the national flag (in support of Venezuela's claim to large swath of territory in western Guyana) and changing the national seal so the pictured horse trots to the left, not to the right. The NA reconstituted the National Electoral Council (CNE), appointing four pro-Chavez rectors and only one rector perceived to be independent. The NA also appointed a special commission to "investigate" the electoral NGO Sumate which recommended that prosecutors bring a host of politically-motivated charges against the group.

15. (C) With respect to international affairs, the NA approved Venezuela's entry into Mercosur. The NA also provided loyal support to President Chavez' ever more radical foreign policy, rubber-stamping multiple international cooperation accords with countries such as Iran, Cuba, Libya, Russia, and Bolivia. It passed on September 26 both a resolution praising President Chavez' infamous September 20 UNGA speech in which Chavez referred to President Bush as "the devil" and condemned the "outrageous arbitrary detention" of Foreign Minister Maduro at JFK airport. The NA also unanimously approved an October 3 resolution "rejecting" U.S. plans to construct a border security fence along the U.S. border with Mexico. The same resolution contains a clause exhorting the U.S. Congress to investigate the "self-inflicted attack" on the Twin Towers and Pentagon.

Corvee Labor Returns...

16. (C) Prior to concluding its 2006 regular sessions, the
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National Assembly passed on December 14 the "Integrated Social Service Law." This law will require almost all Venezuelans between 15 and 50 to do a minimum of five hours monthly of obligatory community service. The measure awaits promulgation by President Chavez and will not become law until it is published in the official gazette. The National Institute of Integrated Social Service (INASES) will be responsible for administering the law under the direction of the Ministry for Social Development and Popular Participation. All public and private institutions will be required to create a social service network to coordinate and ensure compliance with community service duties.

17. (C) The law defines community service as "activities which promote the common good." A recent draft of the measure specifically mentions improving and maintaining schools or other public places, home construction, community planning, conducting diagnostic studies of the "social reality," the contribution of professional services, assisting the needy, and promoting social consciousness as noteworthy forms of social service. Graduates of universities and engineering schools may be separately required by the government to work at prevailing wages "in service to society" for one year. The law gives the decentralized social service networks the authority to confer thrice-annual certificates of "good citizenship" to persons complying with the law. The BRV may also impose and collect fines from unexempted Venezuelans who decline to do their obligatory community service.

... And More Government Intervention is Pending

18. (C) Education. BRV efforts to reform the educational system have generated considerable resistance in civil society, forcing the BRV to move cautiously (so far) on this issue. After considering the need for an omnibus education

bill for the last few years, the National Assembly approved in August 2006 a first draft of such legislation and opened formal debate on the issue. (Note: The NA must pass legislation twice before it passes to the executive branch for possible promulgation). In recent months, senior BRV officials underscored their determination to safeguard the "Bolivarian revolution" through educational reform. Vice President Jose Vicente Rangel told an educational conference November 2 that "Education is a commitment: a commitment with the right and reactionaries, or a commitment with the revolution; a commitment with the empire or with national sovereignty..." The draft bill would make "Bolivarian ideology" a mandatory subject to be taught in public and private elementary and middle schools.

¶9. (C) While the education bill ostensibly aims to make education more universal in Venezuela, it would also give the BRV greater authority to accredit and regulate traditionally autonomous universities and private schools. Moreover, invoking the bill's provisions to promote equality and non-discriminatory access, the BRV would have additional leverage to influence educational institutions' admissions and grading policies. Firms providing goods and services would also be made legally responsible for the training and "permanent education" of their employees. The bill also takes aim at the Catholic Church's compensated role in providing religious instruction in public schools. In its latest protest of BRV education proposals, the Venezuelan Episcopal Conference sent a December 15 letter to President Chavez urging that any education reform not be "politicized and exclusive of religion."

¶10. (C) NGOs. The NA also approved a first draft of the "Law of International Cooperation" and opened formal discussion of the measure. This bill is similar to anti-NGO laws in Russia and Belarus and would force all NGOs receiving international funding to seek registration with the BRV and make them subject to audits by a BRV regulatory body. It would also create a government account into which international funding for NGO's would be directed for further distribution, a sure deterrent to potential international donors. Staff aides working on the measure openly admit that the purpose of such a law is to "monitor" and "control" NGO's in Venezuela. The NA slowed passage of this measure after a European and Canadian government representatives, in coordination with the USG, expressed concerns about the law. Nevertheless, MVR legislators told us this fall that they expected the measure would be passed early in 2007.

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¶11. (C) Private Sector. The NA approved in March 2006 the first draft of the "Anti-Monopoly/Anti-Oligopoly Law Against Disloyal Competition," and opened formal debate on the proposal. While ostensibly aimed at addressing unfair business practices, the proposed bill would give the BRV even more authority to regulate private firms as well as severely sanction businesses accused of unfair competition. The proposed measure would also provide a legal mechanism for protecting the development of state enterprises under the rubric of "endogenous economic development," as well as cooperatives and mixed public-private firms. The Venezuelan business community has vocally criticized the proposed law as discriminatory toward the private sector, and the NA shelved further discussion of the proposal in the run-up to the December 3 presidential election.

¶12. (C) Police Reform. Despite its 100 percent pro-Chavez majority, the NA failed to reach consensus on a long languishing proposal for police reform. While such reform is widely perceived as essential, critics of the existing bill are concerned that it is primarily designed to give the central government more police powers, while addressing weaknesses in existing police forces. Most significantly, the latest draft of the "National Police Law" would create a national police corps with broad responsibilities under the

direction of the Interior and Justice Ministry. Caracas' municipal police and Venezuela's traffic police corps would be dissolved and transformed into the first new elements of this new national police force.

¶13. (C) The National Police law would give responsibility for policy polices to the Interior and Justice Ministry, leaving only administrative policies to state and local governments. The law specifically states a number of vaguely described areas in which state and local police forces must cooperate with the national police (but not the converse). Moreover, the Interior and Justice Ministry would be the arbiter of jurisdiction conflicts between the national police and state and local police forces. The BRV would also have the authority to assign national police forces or the National Guard to perform the functions of state and local police personnel whenever the BRV determines the latter are unable to perform their "proper functions."

¶14. (C) Religion. The National Assembly has been considering a Law of Religions for over four years. The 2004 draft of the bill would also give the BRV additional levers with both the Catholic Church and other religious denominations, creating a Consultative Council for Religious Freedom and requiring religious entities to register with the Interior and Justice Ministry. The Office of Religion in that ministry would be empowered to recognize (or not) clergy. The law would also presumably end Venezuela's 1964 accord with the Vatican by which the BRV committed to provide the Venezuelan Catholic Church with some funding (\$233,000 annually). In practice, and in the wake of Church criticism of the Chavez administration in recent years, the BRV has already drastically reduced such payments by about 90 percent.

Comment

¶15. (C) We anticipate Chavez, strengthened by his recent re-election, will likely instruct the NA in 2007 to start moving on pending, controversial proposals consistent with his vague promise to implement "Socialism in the 21st Century." National Assembly members and staffers alike tell us that they see the legislature's role as supporting the initiatives of President Chavez and not providing checks and balances. These diverse measures all purport to advance democratic goals, such as universal education, public security, and religious freedom. In reality such proposals are transparent ploys to give the national government more authority to regulate and control independent sectors of Venezuelan society, including private schools, NGOs, local police forces, religious congregations, and businesses.

¶16. (C) These measures also share an administrative reach far exceeding the BRV's grasp and include operative language that is deliberately vague and ambiguous. In tried and true fashion, Chavez' government would almost certainly apply such measures selectively to intimidate the most outspoken government opponents, thus threatening broader civil society even further. If passed as written, the measures will

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concentrate power even more in the hands of the Chavez government and further bolster the increasingly authoritarian nature of the Bolivarian republic.

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